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19046

(202) 672-5303

November 4, 1994

VIA HAND DELIVERY

Vernon A. Williams, Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Secretary:

Pursuant to 49 U.S.C. §11303, I am enclosing an original and one counterpart of a Security Agreement in which South Central Florida Express, Inc. grants a security interest in locomotives and rolling stock to First Union National Bank of Florida. This is a primary document dated October 31, 1994.

The names and addresses of the parties to the documents are as follows:

MORTGAGOR: South Central Florida Express, Inc.
P.O. Box 129
Clewiston, Florida 33440

MORTGAGEE: First Union National Bank of Florida
303 Banyan Boulevard
West Palm Beach, Florida 33401

A description of the equipment covered by the documents is attached as Exhibit A hereto.

A check in the amount of \$21 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Gary M. Zinkgraf, Foley & Lardner, 3000 K Street, N.W., Suite 500, Washington, D.C. 20007.

A short summary of the document to appear in the index follows:

Vernon A. Williams, Jr., Secretary
November 3, 1994
Page 2

A Security Agreement has been filed in which South Central Florida Express, Inc. grants a security interest in 8 locomotives, Engine Numbers SCFE-9010 through SCFE-9017, and 56 55-foot "XP" Box Cars, Railcar Numbers SCFE 9101 through SCFE 9156, to First Union National Bank of Florida. The document is a primary document dated October 31, 1994.

Very truly yours,

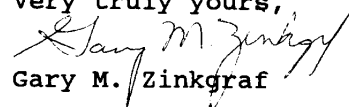

Gary M. Zinkgraf

EXHIBIT A

SOUTH CENTRAL FLORIDA RAILROAD
LOCOMOTIVES

Engine No.	Type & Model	Year Built	Manufacturer	Horsepower
SCFE-9010	GP-7	1953	EMD	1,500
SCFE-9011	GP-7	1952	EMD	1,500
SCFE-9012	GP-7	1952	EMD	1,500
SCFE-9013	GP-8	1952	EMD	1,500
SCFE-9014	GP-8	1952	EMD	1,500
SCFE-9015	GP-8	1952	EMD	1,500
SCFE-9016	GP-16	1951	EMD	1,600
SCFE-9017	GP-16	1951	EMD	1,600

SOUTH CENTRAL FLORIDA RAILROAD
ROLLING STOCK

Railcar No.	Description
SCFE 9101	55-foot "XP" Box Car
SCFE 9102	55-foot "XP" Box Car
SCFE 9103	55-foot "XP" Box Car
SCFE 9104	55-foot "XP" Box Car
SCFE 9105	55-foot "XP" Box Car
SCFE 9106	55-foot "XP" Box Car
SCFE 9107	55-foot "XP" Box Car
SCFE 9108	55-foot "XP" Box Car
SCFE 9109	55-foot "XP" Box Car
SCFE 9110	55-foot "XP" Box Car
SCFE 9111	55-foot "XP" Box Car
SCFE 9112	55-foot "XP" Box Car
SCFE 9113	55-foot "XP" Box Car
SCFE 9114	55-foot "XP" Box Car
SCFE 9115	55-foot "XP" Box Car
SCFE 9116	55-foot "XP" Box Car
SCFE 9117	55-foot "XP" Box Car
SCFE 9118	55-foot "XP" Box Car
SCFE 9119	55-foot "XP" Box Car
SCFE 9120	55-foot "XP" Box Car
SCFE 9121	55-foot "XP" Box Car
SCFE 9122	55-foot "XP" Box Car
SCFE 9123	55-foot "XP" Box Car
SCFE 9124	55-foot "XP" Box Car
SCFE 9125	55-foot "XP" Box Car
SCFE 9126	55-foot "XP" Box Car
SCFE 9127	55-foot "XP" Box Car
SCFE 9128	55-foot "XP" Box Car
SCFE 9129	55-foot "XP" Box Car
SCFE 9130	55-foot "XP" Box Car
SCFE 9131	55-foot "XP" Box Car
SCFE 9132	55-foot "XP" Box Car
SCFE 9133	55-foot "XP" Box Car
SCFE 9134	55-foot "XP" Box Car
SCFE 9135	55-foot "XP" Box Car
SCFE 9136	55-foot "XP" Box Car
SCFE 9137	55-foot "XP" Box Car
SCFE 9138	55-foot "XP" Box Car
SCFE 9139	55-foot "XP" Box Car
SCFE 9140	55-foot "XP" Box Car
SCFE 9141	55-foot "XP" Box Car
SCFE 9142	55-foot "XP" Box Car

SOUTH CENTRAL FLORIDA RAILROAD
ROLLING STOCK
(continued)

Railcar No.	Description
SCFE 9143	55-foot "XP" Box Car
SCFE 9144	55-foot "XP" Box Car
SCFE 9145	55-foot "XP" Box Car
SCFE 9146	55-foot "XP" Box Car
SCFE 9147	55-foot "XP" Box Car
SCFE 9148	55-foot "XP" Box Car
SCFE 9149	55-foot "XP" Box Car
SCFE 9150	55-foot "XP" Box Car
SCFE 9151	55-foot "XP" Box Car
SCFE 9152	55-foot "XP" Box Car
SCFE 9153	55-foot "XP" Box Car
SCFE 9154	55-foot "XP" Box Car
SCFE 9155	55-foot "XP" Box Car
SCFE 9156	55-foot "XP" Box Car

Interstate Commerce Commission
Washington, D.C. 20423

11/7/94

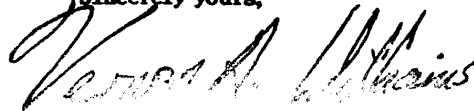
OFFICE OF THE SECRETARY

Gary M. Zinkgraf
Foley & Lardner
Washington Harbour, Ste. 800
3000 K Street, NW
Washington, DC 20007-5109

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/4/94 at 4:00PM, and assigned recordation number(s). 19046.

Sincerely yours,



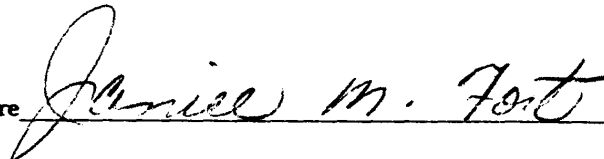
Vernon A. Williams
Secretary

Enclosure(s)

(0100424004)

\$ 21.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



AFFIDAVIT THAT COPY IS TRUE AND CORRECT

WASHINGTON

DISTRICT OF COLUMBIA

19046

NOV 14 1994

I hereby certify that I have compared the attached copy with the original Security Agreement made the 31st day of October, 1994, by and between South Central Florida Express, Inc., P.O. Box 129, Clewiston, Florida 33440 (the "Borrower") and First Union National Bank of Florida, 303 Banyan Boulevard, West Palm Beach, Florida 33401 (the "Bank") and have found the copy to be complete and identical in all respects to the original document.

Christopher M. White
.....
{Signature of Notary Public}

Christopher M. White
.....
{Print Name of Notary Public}
My commission expires:

{notary seal}

19046

NOV 14 1994

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made this 31st day of October, 1994,

by and between

SOUTH CENTRAL FLORIDA EXPRESS, INC.

P.O. Box 129

Clewiston, Florida 33440

(the "Borrower")

and

FIRST UNION NATIONAL BANK OF FLORIDA

303 Banyan Boulevard

West Palm Beach, Florida 33401

(the "Bank")

Recitation of Facts

A. The Bank and Borrower are parties to an Eight Million (\$8,000,000.00) Dollar Term Note of even date herewith (the "Note") and a Loan Agreement of even date herewith (the "Loan Agreement") pursuant to which the Bank has lent the Borrower Eight Million (\$8,000,000.00) Dollars.

B. The Bank is willing to enter into the Loan Agreement and advance funds to the Borrower if the Borrower provides certain Collateral (as hereinafter defined) to the Bank to secure such loans, in accordance with the terms of this Agreement.

Security Agreement

IN CONSIDERATION of the mutual benefits contained herein and to induce the Bank to extend credit (the "Loan") to the Borrower, the parties hereto agree as follows:

1. Definitions. Except as otherwise provided herein, the terms used herein shall have the same meanings as set forth in the Loan Agreement between the parties of even date herewith.
2. Grant of Security Interest. The Borrower hereby grants to the Bank a continuing and unconditional security interest to secure the prompt, timely and complete repayment of the Indebtedness and the full, complete and timely performance of any and all existing or future obligations of the Borrower incurred in any writing evidencing, describing or securing any portion of the Indebtedness in the following "Collateral";
 - A all rolling stock of Borrower, now owned or hereafter acquired, more particularly described on Exhibit "A" attached hereto and made a part hereof; and
 - B any and all awards or payments, including interest thereon, and the right to receive the same, as a result of any injury to, taking of, or decrease in the value of the Collateral; and
 - C all proceeds or sums payable under insurance policies for the loss of or damage to the Collateral; and
 - D all substitutions for, amendments to or modifications, extensions or renewals of any Collateral described herein and all proceeds thereof, in whatever form.
3. Representations and Warranties of Borrower. In addition to Borrower's representations and warranties set forth in the Loan Agreement, Borrower

warrants and so long as this Loan Agreement continues in full force and effect, it shall be deemed to continuously warrant to the Bank that:

- A **Good Title.** Borrower shall keep the Collateral free of all security interests or other encumbrances or claims except the security interest granted hereunder.
- B **Care of Collateral.** Borrower will keep the Collateral in good condition, reasonable wear and tear excepted, and will attend to and care for the Collateral; do all other acts which may be necessary to preserve and protect the Collateral, all according to prudent methods of business; give Bank prompt notice of any material damage to the Collateral or any material part thereof; and permit Bank to inspect, at all reasonable times, upon prior written notice, the Collateral.
- C **Use of Collateral.** The Collateral is used or acquired for use primarily in the Borrower's railroad business operation and Borrower shall permit inspections of the Collateral at such times and in such manner as may be reasonably required by the Bank.
- D **Location of Borrower.** Borrower's place of business, or if Borrower has more than one place of business, Borrower's chief executive office, and the location of all books and records relating to the Collateral, is at that address designated the cover sheet hereof.

4. **Covenants of the Borrower.** So long as this Loan Agreement has not been terminated as provided hereafter, the Borrower:

- A shall defend the Collateral against the claim of all other persons;
- B shall keep the Collateral free of all security interests or other interests and encumbrances, except the security interest granted hereunder;
- C until an Event of Default, Borrower may retain possession of the Collateral and use it in any lawful manner not inconsistent with the agreements herein or with the terms and conditions of any policy of insurance thereon;
- D take all other action reasonably requested by the Bank to carry out the intent of this Agreement, to protect and preserve the Collateral, and to protect, preserve and perfect the security interest of the Bank in the Collateral;
- E Comply with all covenants and obligations contained in the Loan Agreement.

5. **Default.** Events of Default are defined in the Loan Agreement. Any occurrence of an Event of Default under the Loan Agreement shall constitute a Default under this Agreement. The Borrower shall have notice and the opportunity to cure Events of Default as provided in the Loan Agreement.
6. **Remedies.** Upon the occurrence of a Default, the Bank shall have the remedies available under the Loan Agreement, federal law, and the Uniform Commercial Code in effect in Florida at that time.
7. **Miscellaneous Provisions.**
- A **Perfection.** Upon the Borrower's failure to take such action as is or may be necessary to perfect the Bank's security interest in the Collateral hereunder and after due notice of such by the Bank to the Borrower, the Borrower authorizes the Bank, at the Borrower's expense, to file any financing statements relating to the Collateral (without the Borrower's signature thereon) which the Bank deems appropriate and the Borrower appoints the Bank as the Borrower's attorney-in-fact to execute any such financing statements in the Borrower's name and to perform all other acts which the Bank deems appropriate to perfect and to continue perfection of the security interest in the Collateral.
- B **Right to Perform Obligations.** Upon the Borrower's failure to perform any of its duties hereunder, the Bank may, but it shall not be obligated to, perform any of such duties and the Borrower shall forthwith, upon demand, reimburse the Bank for any expenses incurred by the Bank in so doing.
- C **Other Rights.** The Borrower acknowledges that its obligations hereunder are absolute and unconditional and authorizes the Bank, without affecting the Borrower's obligations hereunder, from time to time to take the following actions, whether or not increasing the risk of loss to the Borrower, upon the occurrence and during the continuance of an Event of Default:
- i. to direct the manner of the disposition of the Collateral, and any other collateral or any part thereof as the Bank in its sole discretion may determine; and
- ii. to waive any covenants, obligations or defaults of the Borrower.
- D **Enforcement.** Upon the occurrence and during the continuance of an Event of Default, the Bank may demand, collect and sue for all amounts owed or for proceeds of any Collateral (either in the Borrower's name or the Bank's name at the latter's option), with the right to enforce, compromise, settle or discharge any such amounts in accordance with the

Code. The Borrower appoints the Bank as the Borrower's attorney-in-fact to endorse the Borrower's name on all checks, commercial paper and other instruments pertaining to Collateral or proceeds.

E **Benefit.** The terms "Bank" and "Borrower" as used in this agreement include the successors or assigns of those parties and this Agreement shall benefit and bind such parties.

F **Amendment.** This Agreement may not be modified or amended nor shall any provision of it be waived except in writing signed by the Borrower and by an authorized officer of the Bank.

G **Governing Law.** This Agreement shall be construed under Florida law, except to the extent federal law applies.

H **Term.** This Agreement shall remain in force until the Loan and any extensions or renewals of the Loan, including all interest thereon, shall be paid in full under the Loan Agreement. Upon termination of the Loan Agreement, the Bank shall take all steps reasonably requested by the Borrower to release its security interest in the Collateral.

I **Notices.** Notices required or permitted to be given hereunder shall be given to the parties in the manner and at the addresses set forth in the Loan Agreement.

J **Powers.** All powers granted to the Bank herein are coupled with an interest and are irrevocable.

K **Approvals.** If this Agreement calls for the approval or consent of the Bank, such approval or consent may be given or withheld in the discretion of the Bank unless otherwise specified herein.

L **Jurisdiction, Service of Process.** The jurisdiction for settlement of disputes and the method of service of process shall be as set forth in the Loan Agreement.

M **Receiver.** In addition to any other remedy available to it, the Bank shall have the absolute right, upon the occurrence of an Event of Default, and upon delivery of notice thereof to Borrower as provided in the Loan Agreement, to seek and obtain the appointment of a receiver with such powers as may be necessary for the enforcement of this Agreement and the care, maintenance, and sale of the Collateral, as provided herein and any costs and expenses incurred by the Bank in connection with such receivership shall bear interest at the Default Rate and shall be secured by all Collateral.

THE BORROWER AND THE BANK HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED UPON THIS AGREEMENT OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY OTHER LOAN DOCUMENT AND ANY OTHER AGREEMENT EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first stated above.

BORROWER

SOUTH CENTRAL FLORIDA EXPRESS, INC.

By: Lawrence D. Sugar
Lawrence D. Sugar
Its President

BANK

FIRST UNION NATIONAL BANK OF FLORIDA

By: Pat Selver
Vice President

State of FLORIDA)ss:
COUNTY OF PALM BEACH

The foregoing instrument was acknowledged before me this 31st day of October, 1994, by Lawrence D. Sugar, President of South Central Florida Express, Inc., a Florida corporation, on behalf of the corporation, who is personally known to me ~~or who produced~~ as identification.

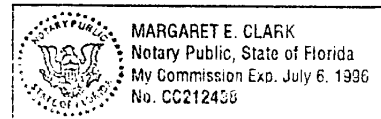
Margaret E. Clark

{Signature of Notary Public}

{Print Name of Notary Public}

{notary seal}

My commission expires:



STATE OF FLORIDA)ss:
COUNTY OF PALM BEACH

The foregoing was acknowledged before me, this 31st day of October, 1994, by Pat Schmitzer, Vice President of First Union National Bank of Florida, who is personally known to me ~~or who produced~~ as identification.

Margaret E. Clark

{Signature of Notary Public}

{Print Name of Notary Public}

{notary seal}

My commission expires:

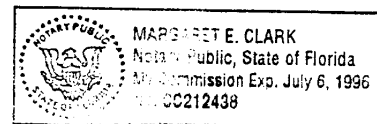


EXHIBIT "A"

Description of Collateral

EXHIBIT A

SOUTH CENTRAL FLORIDA RAILROAD
LOCOMOTIVES

Engine No.	Type & Model	Year Built	Manufacturer	Horsepower
SCFE-9010	GP-7	1953	EMD	1,500
SCFE-9011	GP-7	1952	EMD	1,500
SCFE-9012	GP-7	1952	EMD	1,500
SCFE-9013	GP-8	1952	EMD	1,500
SCFE-9014	GP-8	1952	EMD	1,500
SCFE-9015	GP-8	1952	EMD	1,500
SCFE-9016	GP-16	1951	EMD	1,600
SCFE-9017	GP-16	1951	EMD	1,600

SOUTH CENTRAL FLORIDA RAILROAD
ROLLING STOCK

Railcar No.	Description
=====	=====
SCFE 9101	55-foot "XP" Box Car
SCFE 9102	55-foot "XP" Box Car
SCFE 9103	55-foot "XP" Box Car
SCFE 9104	55-foot "XP" Box Car
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SCFE 9115	55-foot "XP" Box Car
SCFE 9116	55-foot "XP" Box Car
SCFE 9117	55-foot "XP" Box Car
SCFE 9118	55-foot "XP" Box Car
SCFE 9119	55-foot "XP" Box Car
SCFE 9120	55-foot "XP" Box Car
SCFE 9121	55-foot "XP" Box Car
SCFE 9122	55-foot "XP" Box Car
SCFE 9123	55-foot "XP" Box Car
SCFE 9124	55-foot "XP" Box Car
SCFE 9125	55-foot "XP" Box Car
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SCFE 9142	55-foot "XP" Box Car

SOUTH CENTRAL FLORIDA RAILROAD
ROLLING STOCK
(continued)

Railcar No.	Description
SCFE 9143	55-foot "XP" Box Car
SCFE 9144	55-foot "XP" Box Car
SCFE 9145	55-foot "XP" Box Car
SCFE 9146	55-foot "XP" Box Car
SCFE 9147	55-foot "XP" Box Car
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SCFE 9151	55-foot "XP" Box Car
SCFE 9152	55-foot "XP" Box Car
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SCFE 9154	55-foot "XP" Box Car
SCFE 9155	55-foot "XP" Box Car
SCFE 9156	55-foot "XP" Box Car